Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Application of BellSouth Corporation	)	
To Provide In-Region, InterLATA	)	Docket No. 01-277
Long Distance Services Under Section	)	
271 of the Telecommunications Act of 1996	)	

AFFIDAVIT OF MARY CONQUEST
ON BEHALF OF ITC^DELTACOM COMMUNICATIONS, INC.
D/B/A ITC^DELTACOM

I, Mary Conquest, being of lawful age and duly sworn upon my oath, depose and state:

INTRODUCTION

My name is Mary Conquest. I am an independent contractor for ITC^DeltaCom Communications, Inc., ("ITC^DeltaCom"), and my business address is 600 Boulevard South, Huntsville, Alabama 35802. I received a masters certificate from George Washington University for project management. I have been employed in the telecommunications industry for over thirty-five years. I began my career with Southern Bell in 1966. I held various positions within BellSouth over that time period as an employee and as a consultant. My last position with BellSouth was as a Certified Project Manager in IT. I also have been engaged as a consultant to BellSouth in the area of billing. As part of the billing assignment, I supported their development of J Billing ("UNE-P") and Single C

Order Process. I retired from BellSouth in December of 1996. My consultant assignment for BellSouth occurred between 1997-1999. As a former manager of BellSouth's Regional Service Order Support (RSOS) staff, I am very familiar with BellSouth's legacy systems. I was an ITC^DeltaCom employee between December of 1999 and September of 2000. In October of 2000, I became an independent consultant to ITC^DeltaCom in the areas of OSS – ordering systems and gateway support to ILECs, including but not limited to BellSouth.

SUMMARY

The areas of concern that ITC^DeltaCom has regarding BellSouth performance and OSS access fall primarily into two categories:

- the disparity of BellSouth's OSS Interfaces
- ITC^DeltaCom's overall concerns regarding Prioritization of Change Requests (CR's)

I. BELLSOUTH'S OSS INTERFACES DISCRIMINATORY

BellSouth retail personnel have access to OSS systems which indicate pending activity against an account. The indicator "PSO" pending service order is used to advise activity is scheduled to occur. Competing carriers, such as ITC^DeltaCom, however, do not have access to this same indicator through any of the OSS Interfaces. ITC^DeltaCom filed with the BellSouth Change Control group a request (CR 0127) on August 4, 2000, requesting this data to be added

to the TAG pre-order information. Prior to bell's implementation of ENCORE Release 9.4 on July 28, 2001, LENS was able to present this flag.

Currently, the LENS defect is scheduled to have the functionality returned on January 5, 2002, in Release 10.3. ITC^DeltaCom's request to have this information added to TAG, which is prioritized, however, still awaits release assignment. The inability to know orders are pending against the account costs the CLEC time in clarification, error resolution and customer dissatisfaction.

II. THE CHANGE CONTROL PROCESS IS FLAWED

The process for prioritizing Change Requests (CR's) and the slotting of CR's for a Release Package at BellSouth is lacking control and definition. BellSouth refuses to disclose how a release is packaged. Minor versus Major release definitions are loosely applied. An example is the Parsed CSR, which was requested by AT&T on 8-12-99. The CLEC community agreed upon requirements in November 2000. This is a large programming effort for CLECs, yet it has been assigned a Minor release to be deployed 1-05-02. Also it should be noted the delivery does not contain all the requirements agreed upon by BellSouth and the CLEC community. In Florida, KPMG has posted Observation 86, which further supports my comments that the process is flawed. Attached is EXHIBIT 1, the KPMG Observation #86. Again BellSouth claims programming hours and release capacity are proprietary. CLEC's do not have the ability to have all requests presented and scheduled for a release. AT&T's analysis shows that 65 requests were prioritized by the CLECs between 6-28-00 and 4-

25-01, of which only 24% were implemented. 73% are still waiting to be committed to a release.

CONCLUSION

I strongly recommend on behalf of ITC^DeltaCom, that BellSouth be required to provide to the CLEC's a metric which clearly establishes programming hours available for Major and Minor Releases. And I further recommend that BellSouth be penalized for taking functionality away from the CLECs, which was retained by **their own retail** organizations.

I declare under the penalty of perjury that the facts stated herein are true and correct, to the best of my knowledge, information and belief.

Mary Conquest

Mary Conquest
IT Development

SWORN TO and subscribed
before me this 22nd day
of October, 2001.

Norrie S. Edwards
Notary Public

My Commission Expires: 2/15/2004

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
Joint Application by BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc. for Provision of In-Region, InterLATA Services in Georgia and Louisiana	)	CC Docket No. 01-277

AFFIDAVIT OF
GEORGE S. FORD, Z-TEL COMMUNICATIONS, INC.

I. Qualifications

1. My name is George Ford. My business address is 601 South Harbour Island Boulevard, Tampa, Florida 33602. I am the Chief Economist of Z-Tel Communications, a CLEC that offers competitive local and long distance exchange services to residential consumers in more than thirty states.

2. In 1994, I received a Ph.D. in Economics from Auburn University where my graduate work focused on the economics of industrial organization and regulation with course work emphasizing applied price theory and statistics. In that same year, I became an Industry Economist at the Federal Communications Commission in the Competition Division of the Office of the General Counsel. The Competition Division of the FCC was tasked with ensuring that FCC policies were consistent with the goals of promoting competition and deregulation across the communications industries. In 1996, I left the FCC to become a Senior Economist at MCI Worldcom where I was employed for nearly four years. While at MCI Worldcom, I filed declarations at both federal and state regulatory agencies and performed economic studies on a variety of topics. I have maintained an active research agenda on communications issues and have published research papers in a number of academic journals *Journal of Law and Economics*, the *Journal of Regulatory Economics*, the *Review of Industrial Organization*, among others. I am a contributing author to the *International Handbook on Telecommunications Economics*. I regularly speak at conferences, both

at home and abroad, on the economics of telecommunications markets and regulation.

II. Purpose

3. The purpose of this statement is to evaluate the UNE rates in Georgia and Louisiana using the methodology set forth by the Federal Communications Commission ("FCC") in its Oklahoma-Kansas and Massachusetts 271 Orders. This methodology, which might be called the "TELRIC Test", evaluates the TELRIC compliance of UNE rates by comparing the relative costs of providing service across states. Given its prior use in earlier 271 proceedings, the FCC's TELRIC Test is a reasonable tool by which to evaluate whether the UNE rates in Georgia and Louisiana are TELRIC compliant. My analysis indicates that the UNE rates for loops in both states pass the FCC's TELRIC Test, if Texas is used as the reference state. Alternately, switching rates fail in both states, and fail by a large margin in Georgia. Transport rates (transport plus tandem switching) fail the TELRIC test in Georgia, but pass easily in Louisiana. With respect to these principal components of the UNE-Platform, the switching and transport rates in Georgia warrant careful scrutiny by the Commission and, in my opinion, should be reduced.

4. In addition to my TELRIC analysis of UNE rates for loops, switching, and transport in Georgia and Louisiana, I evaluate the TELRIC compliance of UNE rates for the daily usage file (DUF) in both states. While ignored in earlier TELRIC test evaluations by the Commission, the DUF amounts to a substantial portion of UNE-P costs, particularly in Georgia and Louisiana. DUF charges amount to more than 20% of the costs of the (principal elements of the) UNE-Platform in Georgia and Louisiana, but only 6% of such costs in Texas. The current DUF rates in Georgia and Louisiana are exceedingly high, and the Commission should reject BellSouth's application until the DUF rates are reduced to levels more consistent with TELRIC.

III. The TELRIC Test for Georgia and Louisiana

The Commission's Use of the TELRIC Test

5. The pricing prong of checklist item two requires a BOC to demonstrate that it provides UNEs in accordance with section 252(d)(1) of the Act.[1] For section 271 purposes, a BOC must show that its prices for interconnection and unbundled network elements are based on forward-looking, long-run incremental costs. In determining whether a BOCs UNE rates satisfy this standard, the FCC utilizes its Hybrid Cost Proxy Model ("HCPM" or "Synthesis Model" or "USF Cost Model") to compare UNE costs and rates across states. The operating principle of the FCC's analysis is that relative UNE rates between states should be consistent with relative cost differences, and that these relative cost differences are reasonably measured by the HCPM. As the FCC indicated:

> Our USF cost model provides a reasonable basis for comparing cost differences between states. We have previously noted that while the USF cost model should not be relied upon to set rates for UNEs, it accurately reflects the relative cost differences among states (emphasis added).[2]

6. When evaluating UNE rates within the context of a 271 application, the Commission employs its USF cost model to compare UNE rates in the applicant state with rates in other states for which the Commission has found rates to be TELRIC compliant. If the difference in rates is roughly equal to the differences in costs, then the FCC declares the rates to be TELRIC compliant (or consistent with what a TELRIC analysis would produce).

7. For example, the Commission applied its "TELRIC Test" in the orders approving 271 applications in Oklahoma/Kansas and Massachusetts. In Oklahoma, the FCC evaluated the UNE loop rate, whereas in Massachusetts the loop and switching UNE rates were scrutinized with the TELRIC Test. For Oklahoma, the FCC expressed concern that the loop rate difference between Oklahoma and Texas was not cost justified:

> In taking a weighted average of loop rates in Oklahoma and Texas, we find that Oklahoma's rates are roughly one-third higher than those in Texas (ft. omitted). ... Using a weighted average of wire-center loop costs, the USF cost model indicates that loop costs in SWBT's Oklahoma study area are roughly 23 percent higher than loop costs in its Texas study area (ft.

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[1] 47 U.S.C. § 271(c)(2)(B)(ii).

[2] FCC KS-OK 271 Order, ¶ 84.

> omitted). We therefore attribute this portion of the differential, roughly two-thirds of it, to differences in costs. The remainder of the differential, however, is not *de minimus*, and we cannot ignore its presence.[3]

In this statement, the FCC expresses concern that the difference in loop rates is not cost justified, where costs are measured with the HCPM.

8. During the 271-review process, SBC reduced its loop rates in Oklahoma. With respect to the reduced loop rates in Oklahoma, the FCC concluded:

> The weighted average of the Oklahoma discounted loop rates is roughly 11 percent higher than the weighted average of the loop rates in Texas. This differential between Oklahoma promotional and Texas rates is well within the 23 percent differential suggested by the USF cost model, and so we conclude that the discounted rates meet the requirements of the Act.[4]

After the voluntary rate reduction in the Oklahoma loop rate, the 11% rate difference was below the 23% cost difference estimated by the HCPM. As a consequence, the FCC deemed the loop rate TELRIC compliant.

9. During the review of the Massachusetts 271 application, Verizon "voluntarily" reduced its switching rates during the Massachusetts 271 proceeding to a level consistent with that of New York. The FCC concluded that the New York switching rates were appropriate for Massachusetts because:

> [a] weighted average of Verizon's voluntarily-discounted Massachusetts rates ... and corresponding rates in New York shows that rates in Massachusetts are roughly five percent lower than those in New York. A comparison based on the USF model of costs in Verizon's study area in Massachusetts and New York for these same elements indicates that the costs in Massachusetts are roughly the same as the costs in New York.[5]

Again, the relative cost difference as measured by the HCPM was used to evaluate the relative rate differences across states.

10. The TELRIC test is particularly useful when UNE rates are established in an ad-hoc fashion, possibly as part of a carrier-to-carrier or carrier-to-regulator negotiation. However, because the HCPM "accurately reflects the relative cost differences among states," the HCPM also can be used to evaluate UNE rates

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[3] FCC KS-OK 271 Order, ¶ 83-5.

[4] FCC KS-OK 271 Order, ¶ 86.

[5] FCC Massachusetts 271 Order, ¶ 25.

determined in a formal state cost proceeding. Either the HCPM "accurately reflects relative cost differences" or it does not, and the Commission's use of the TELRIC test, based on the HCPM, in numerous proceedings indicates that the Commission believes that the model does accurately reflect cost differences. Applying the TELRIC test only to rates determined in an ad hoc fashion seems to be an arbitrary and capricious limitation of the test's applicability.

11. In addition, any argument that reference states be geographically proximate or share a common BOC heritage is groundless. While the Commission has in past 271 orders noted its preference for reference states that are geographically proximate and have a common BOC, those requirements are unnecessary and have no material impact on the validity of the TELRIC Test. The HCPM is designed to fully account for geographic differences across states. If, as the FCC contends, the HCPM reliably detects cost differences across states, then it must do across any potential pair of states regardless of geographic proximity, teledensity, or other factors. If not, then the HCPM does not properly account for these relevant factors and consequently cannot be relied upon to measure differences in rates across any pair of states.

12. Different BOC heritage or different rate structures is unproblematic for most UNEs. Loops are defined in a sufficiently homogeneous manner across BOCs so that direct comparisons are legitimate. Using publicly available usage and ARMIS data, different rate structures can be normalized for comparison purposes. For example, sufficiently general indicia of switching and transport costs and rates can be constructed so that valid comparisons can be made (as I have done here). Thus, there is no requirement that a geo-proximate or common BOC reference state be used.

The TELRIC Test Methodology

13. Using the language from the FCC's 271 Orders, the TELRIC Test can be defined more formally as follows. Let the cost for an unbundled element in the subordinate or applicant state i be C_i and in some reference state be C_R. Further, let the TELRIC loop costs determined by the state commissions be P_i and P_R, respectively. While the HCPM is used to produce values for C_i and C_R, the FCC stated that the estimates from the HCPM do not equal necessarily the absolute level of TELRIC costs, i.e., $P_i \neq C_i$ and $P_R \neq C_R$. However, the agency does contend that the HCPM's output accurately reflects the relative cost differences among states. Thus, the TELRIC Test is defined as

$$\frac{P_i}{P_R} \leq \frac{C_i}{C_R}, \tag{1}$$

a condition which simply indicates that the ratio of UNE rates must be (approximately) equal to or less than the ratio of HCPM costs.

14. Though not indicated in Equation (1), it is possible to pass the TELRIC Test if the ratio of prices is only marginally higher than the ratio of costs. As the FCC noted in the Oklahoma-Kansas 271 Order, it was disturbed by the fact an 8% reduction [1 – 1.23/1.33] in the Oklahoma loop rate was required to satisfy the TELRIC test and this reduction was "not de minimus." It is possible, however, that a smaller difference would not render a UNE rate out of compliance. Thus, at a minimum, any difference requiring an 8% or larger reduction in the UNE rate to satisfy the TELRIC Test must be a meaningful difference requiring further scrutiny. The actual level of "de minimus" is probably lower than what an 8% reduction would remedy, but to date the FCC has offered no further information as what is the "de minimus" difference. It may be the case that the *de minimus* standard is best determined on a case-by-case basis, because a number of factors may be relevant to its determination.

15. To illustrate the application of Equation (1), consider the Oklahoma and Texas loop comparison. Prior to the arbitrary reduction in Oklahoma loop rate, the FCC determined that the UNE rates in Oklahoma were "roughly one-third higher than those in Texas," implying that P_i/P_R is 1.33. The HCPM indicated, however, that loop costs are only "23 percent higher than loop costs" in Texas, implying that C_i/C_R is 1.23. Obviously, 1.33 is not less than or equal to 1.23, leading the FCC to express concern over the initial Oklahoma loop rate. Once the Oklahoma loop rate was reduced, the ratio of prices was only 1.11, which is below the cost ratio of 1.23. Thus, the reduced Oklahoma loop rate passed the TELRIC Test.

Data

16. Table 1 summarizes the HCPM Cost estimates and UNE rates for Texas (the reference state), Georgia, and Louisiana. Estimates and rates for loops, end-office switching (port and usage), and transport are provided.[6] HCPM estimates are

[6] I am assuming, for present purposes, that the Texas UNE rates are TELRIC compliant. However, there are a number of reasons to suspect that the Texas UNE rates are in excess of TELRIC. As a result, even when compared to the current Texas rates – which, if anything, exceed TELRIC themselves – some of the UNE rates in Georgia and Louisiana are excessive. This can only

computed using the wire center output files of the HCPM (available for download at the FCC website). The HCPM cost numbers in the table are based on weighted averages of the HCPM estimates, and in some cases usage data from the HCPM.[7] For exposition purposes (only), all the cost estimates have been adjusted by the uncollectibles factor.[8] Also, loop rates are adjusted downward to account for the HCPM's allocation of all overhead to the loop. The loop rates in Table 1 include only overhead correctly attributed to the loop.[9]

Table 1. Summary of Costs and Prices for Unbundled Elements

	TX	GA	LA
Loop			
HCPM	$16.39	$18.98	$22.75
UNE Rate	$14.10	$16.51	$15.99
End-Office Switching			
HCPM	$2.18	$2.28	$2.43
UNE Rate	$4.09	$5.06	$4.82
Transport (incl. Tandem Switching)			
HCPM	$0.30	$0.27	$0.65
UNE Rate	$0.19	$0.34	$0.25

17. For end-office switching, the port charge is added to the end-office usage costs to create a per-line monthly cost for end-office switching. Monthly usage costs are computed by multiplying the usage rate by the number of local switched minutes as defined in the HCPM. The HCPM also provides a summary of transport costs, and that value is provided in the table. Transport costs in the HCPM include direct transport and transmission, common transport and transmission, and tandem switching cost elements. For convenience, all the relevant calculations to produce the cost estimates in Table 1 can be downloaded for instruction, replication, and verification.

18. The UNE rates in Table 1 are based on the UNE rates in Z-Tel's interconnection agreement in each of the respective states. UNE rates typically

be expected to get worse as the Texas Commission refines its cost analysis and updates Texas rates to reflect newer cost information.

[7] Total switched access lines are used as weights.

[8] Because the uncollectible factor applies to all HCPM estimates in the table, the factor will cancel out when the TELRIC Test is performed. Therefore, whether or not this adjustment is made has no impact on the results of the TELRIC test. Nevertheless, I felt it appropriate to adjust the absolute levels by the uncollectible factor for presentation purposes in Table 1.

[9] The adjustment to overhead is identical to the method employed in the Oklahoma/Kansas and Massachusetts 271 orders.

are deaveraged across three or four zones, and the averages in Table 1 are weighted averages based on the distribution of lines across density zones or other relevant zone weightings.[10] For end-office switching, a monthly per-line UNE revenue estimate is produced by multiplying the UNE usage rate by the level of local traffic and then adding the UNE port rate. Local traffic is equal to the level used for the HCPM estimate of monthly usage costs. Similarly, transport UNE revenue per line per month is computed as the relevant rate multiplied by direct transport minutes, common transport minutes, and tandem switched minutes as recorded in the HCPM.

19. Table 1 contains summary rate and cost information for three categories of UNEs, only one of which combines two separate elements (transport). For end-office switching, the Commission's UNE rate structure rule, 47 CFR 51.509(b), permits incumbent LECs to recover those charges "through a combination of a flat-rated charge for line ports and one or more flat-rated or per-minute usage charges for the switching matrix and for trunk ports." Although unbundled end-office switching is more appropriately priced with a flat per-month charge for all components (as SBC does in Illinois), for this analysis I have combined the flat-rated and per-minute components into one charge, as both components collectively should recover the cost of providing unbundled local switching. By combining the per-port and per-minute elements, different allocations of the switching investment between the port and usage should not influence the TELRIC Test.

20. Generally, for purposes of the TELRIC Test, elements should not be combined. In particular, each individual UNE price must, according to law, be based on the forward-looking cost of providing that element. It would violate that legal principle to somewhat "offset" high costs for one UNE by referencing lower costs for another UNE. In addition, Commission rule 51.506(d)(4) explicitly prohibits the costs of a UNE from subsidizing other elements or services. Finally, in comparison to another state, the cost of one element in one state may be significantly lower or higher than cost differential of another element.[11] As a result, the TELRIC Test is of limited utility when it is used to analyze combinations of elements.

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[10] Tandem switching rates have both a per-minute and per-mile component. A ten-mile distance is assumed for tandem traffic across all states.

[11] For example, it is easy to envision a situation in which loop costs may be significantly lower in one state than another while switching costs are relatively equal. Using the TELRIC Test to "combine" analysis of the loop-switching "combination" would permit the BOC to gouge its CLEC

21. However, for my analysis, I followed the HCPM's reporting structure and left combined the direct and common transport/transmission and tandem switching components. The HCPM reports (in summary fashion) the elements in combination as "Transport."[12] The decision to combine these two elements was due in part because the costs of these elements are determined jointly within the same module of the HCPM. The transport module is distinct from both the end-office switching and loop modules. Further, tandem switching is an integral component of common transport, whereas loops and switching can be purchased independently of each other and transport.

22. I do not recommend that the Commission combine end-office switching, transport and tandem switching rates. Adding transport and end-office switching could mask large, non-cost based rate discrepancies for the transport elements.[13] Thus, combining these elements for purposes of the TELRIC Test should be avoided to maintain the integrity of the test, avoiding the possibility of masking transport and tandem switching rates that are substantially in excess of costs. The size difference in the rates also may mask cross-subsidization between switching and transport elements.[14] As discussed above, cross subsidization is in direct violation of the pricing rules (specifically, 51.505(d)(4)). In order to avoid masking above costs or subsidized UNE rates, switching and transport elements should not be combined. In fact, the potential consequences of aggregating elements should be considered whenever elements are combined.

Results

23. Table 2 summarizes the TELRIC Test for Georgia. In the first column under each state is the ratio of prices; the ratio of costs is provided in the second column. If the first column is equal to or less than the second column, then the TELRIC Test is passed. Pass or fail is indicated in the third column. If the first column is greater than the second column, then the UNE rate must be reduced to satisfy the TELRIC Test. The minimum required reduction (in percentage) is

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customers on unbundled switching. The same situation is possible any time the TELRIC Test is used to analyze a combination of any two elements.

[12] It is possible to separate these two elements into unique categories.

[13] In contrast, tandem switching and transport costs are similarly sized so that masking is much less of an issue.

[14] With tandem switching and transport, it is likely that the subsidized and subsidizing elements are consumed jointly. However, transport and tandem switching can be purchased independently of end-office switching.

computed as $[1 - (C_i/C_R)/(P_i/P_R)]$. An asterisk (*) next to "Fail" indicates that the reduction in UNE rates required to pass the TELRIC Test is fairly small (less than 2% in this case) and potentially *de minimus*.

Table 2. The TELRIC Test for Georgia

	P_i/P_R	C_i/C_R	Pass/Fail	Over-Statement of TELRIC
Loop	1.17	1.14	Fail*	2%
End-Office Switching	1.24	1.04	Fail	19%
Transport	1.80	0.90	Fail	100%

24. As shown in the table, the Georgia UNE rates for loops, end-office switching, and transport are not compliant with TELRIC, if Texas is the reference. Note that the loop failure is remedied by a 2% reduction in the loop rate, which might qualify as *de minimus*. Alternately, the over-statements of TELRIC for switching and transport are sizeable; the Georgia UNE rates for switching and transport clearly fail the TELRIC Test. In my opinion, such large differences between Texas and Georgia cannot be attributed merely to the "imprecise nature of TELRIC-based pricing (OK-KS 271, ¶ 87)."

Table 3. The TELRIC Test for Louisiana

	P_i/P_R	C_i/C_R	Pass/Fail	Over-Statement of TELRIC
Loop	1.13	1.37	Pass	
End-Office Switching	1.18	1.11	Fail	6%
Transport	1.35	2.15	Pass	

25. Results for the TELRIC Test for Louisiana are summarized in Table 3. Whereas all of the Georgia rates fail the TELRIC test, the only Louisiana UNE rate that fails the TELRIC test is for end-office switching. Note, however, that if the end-office switching rate is reduced by 6%, the UNE rate passes the TELRIC Test with Texas as the reference state. It is unclear whether this 6% difference can be described legitimately as *de minimus*. A small reduction in the switching rates in Louisiana ensures the switching rates in that state clearly pass the TELRIC test.

IV. TELRIC Analysis of DUF Rates

26. The daily usage file (DUF) is required in order for Z-Tel to properly bill for the calls made by its customers. In the Verizon Pennsylvania 271 Order, the Commission stressed the competitive significance of the DUF to CLECs. DUF charges are a UNE charge assessed on purchasers of unbundled local switching

and can constitute a significant portion of the total UNE cost of the combination of UNEs known as the UNE Platform.

27. The cost of generating a DUF should not vary significantly by BOC and state. Generating a DUF is a software and OSS capability which cost should not vary significantly because the development of software design and OSS capabilities are undertaken on a national, indeed, international basis.

28. DUF charges are typically based on a per-message (per-call) basis. On average, a residential or small business customer will make 425 calls per month.[15] In Texas, the DUF charge is $0.003 per message, producing an average DUF charge per customer month of $1.28. Similarly, in New York, the monthly DUF charges are about $0.85.[16] In Louisiana, the DUF charges are $0.014 per message for an average monthly charge per customer of $5.95. DUF charges in Georgia, alternately, are $5.95 per customer month – 179% higher than in Louisiana, 365% higher than in Texas and 600% higher than in New York.

Table 4. DUF Charges* by State

State	DUF/message	State	DUF/message
GA	0.014	TX	0.003
LA	0.014	NY	0.002
TN	0.003		

29. The impact of the DUF overcharges on the cost of UNE-P entrants is substantial. Table 5 summarizes the major cost components of UNE-P including the DUF charges. As shown in the table, DUF charges equal more than 20% of UNE-Platform costs (of the components listed) in Georgia and Louisiana. Alternately, in Texas, the DUF charges are about 6% of UNE-P costs. Reducing the DUF rates in Georgia and Louisiana to the levels recently approved in Tennessee brings the average monthly DUF charges in line with the average cost in Texas.

[15] Message statistics are provided in the HCPM output files (Input worksheet Cells C21, C22, C23, and C24). This estimate of calls is consistent with Z-Tel billing data from Verizon in New York (about 400 calls per customer month).

[16] Assuming 425 calls per month. The estimate for New York is based on the recommended rates from the open cost proceeding in that state.

Table 5. The TELRIC Test for Louisiana

	TX	GA	LA
Loop	14.10	16.51	15.99
End-Office Switching	4.09	5.06	4.82
Transport	0.19	0.34	0.25
DUF Charges	1.28	5.95	5.95
Total	19.63	27.86	27.01
DUF/Total	6%	21%	22%
TELRIC DUF Charges	1.28	1.28	1.28
TELRIC Total	19.63	23.19	22.34
DUF/Total	6%	6%	6%

30. By increasing the recurring cost of providing UNE-P, the excessive DUF charges in Georgia and Louisiana have a significant impact on the ability of CLECs to compete. As the FCC recognized in the PA 271 Order, CLECs rely on DUFs to bill their customers and have no alternative but to buy these DUFs from the ILEC. Z-Tel serves principally residential customers, who generally have low monthly recurring revenue and slim margins. An additional $2-5 per month for a DUF above and beyond the other UNEs can weaken, if not destroy, a business case for entry into the residential market.

31. The FCC, as arbiter of TELRIC, should not approve a 271 application where UNE rates for the DUF are so obviously in excess of TELRIC. Doing so would not only violate the requirements of 251(d)(1) of the Act, but also substantially hinder competition in the BellSouth region. Prior to receiving 271 approval, BellSouth should reduce its DUF rates to levels consistent with TELRIC the rate in Texas and Tennessee, or about $0.003 per call.

32. Importantly, even after reducing its DUF charges, BellSouth's DUF rates may not conform to TELRIC principles and the Commission should encourage States to closely evaluate these charges in future proceedings. BellSouth requires DUF information to bill for UNEs and relies on DUF information for its own operations. Moreover, BellSouth provides DUF information to independents in (at least some of) its States without charge. It is far from clear whether any charge uniquely applied to CLECs is appropriate, nor is it clear that BellSouth has included total demand -- including its own use of DUF information to bill its end users -- has been included in rate development. Consequently, while BellSouth's DUF charges must clearly be reduced to make them plausibly TELRIC-compliant, further investigation and reductions will probable be necessary to make them TELRIC-accurate.

V. Conclusion

33. In this declaration, the UNE rates in Georgia and Louisiana are evaluated using the FCC's TELRIC Test. Analyzed are UNE rates for loops, switching, transport, and the daily usage file (DUF). The TELRIC Test analysis shows that the UNE rates in Georgia for all four elements are above TELRIC. However, the overstatement of the loop rate as indicated by the TELRIC test is perhaps de minimus. UNE rates for end-office switching and transport substantially exceed TELRIC. In Louisiana, the switching costs are overstated by about 6%, while UNE rates for the loop and transport pass the TELRIC test.

34. DUF charges in Louisiana and Georgia are not consistent with rates a reasonable TELRIC analysis would produce: the DUF rates in both Georgia and Louisiana should be reduced. While DUF charges amount to only 6% of UNE-P costs in Texas, the same element exceeds 20% of UNE-P cost in Georgia and Louisiana. The DUF rates in Tennessee, another BellSouth state, may serve as a useful proxy rate for TELRIC compliant DUF rates. The DUF rates in Tennessee are roughly equal to the DUF rates in Texas.

This concludes my affidavit.

George S. Ford
Senior Economist

STATE OF FLORIDA)
)
COUNTY OF HILLSBOROUGH)

I, Dolorene Sackman, a Notary Public in and for the jurisdiction aforesaid, whose commission expires on the 12th day of February 2002, do hereby certify that whose name is signed to the writing above, has acknowledged the same before me in my jurisdiction aforesaid.

Given under my hand this 22nd day of October, 2001.

Dolorene M. Sackman

DOLORENE M. SACKMAN
MY COMMISSION # CC 716596
EXPIRES: February 12, 2002
Bonded Thru Notary Public Underwriters

BELLSOUTH

BellSouth Interconnection Services
675 West Peachtree Street
Atlanta, Georgia 30375

Carrier Notification
SN91082475

Date: August 16, 2001

To: Competitive Local Exchange Carriers (CLECs)

Subject: CLECs – **REVISED** - Electronic Interface System Downtime – ENCORE Release 9.4 (Originally posted on June 28, 2001, revised July 5, 2001, July 18, 2001, and August 1, 2001)

This is to advise that BellSouth deployed Release 9.4 on July 28, 2001. The Electronic Data Interchange (EDI), Local Exchange Navigation System (LENS) and Telecommunications Access Gateway (TAG) systems were unavailable for Local Service Request (LSR) processing during that time.

In addition, BellSouth upgraded the formatting and enhanced the data retrieval response time performance for the LENS Customer Service Record (CSR). The LENS CSR response times will be greatly enhanced by changing the current Navigator© contract. The response time metrics will be more comparable in both value and definition to the metrics from the BellSouth Regional Ordering System (ROS) and Regional Negotiation System (RNS) applications.

At this time, CLECs are unable to view CSRs utilizing circuit information. Additionally, Billed To Numbers (BTN), Pending Service Orders (PSO) nor the Local Service Freeze (LSF) indicators can be viewed. BellSouth is continuing to analyze and develop solutions to outstanding CSR issues.

BellSouth also implemented enhancement to due date calculations for Non-Complex Port/Loop, a/k/a Unbundled Network Elements-Platform (UNE-P), residence/business combination orders as a part of the 9.4 Release via the 7.6.1 TAG Application Program Interface (API). These enhancements apply to the Telecommunications Industry Forum (TCIF) 9 versions of the BellSouth interfaces. The modifications include providing a zero to one day due date on the electronically generated LSRs. In addition, the calculated due date function in the Local Exchange Navigation System (LENS) may give inaccurate information. If this occurs, LENS will provide a new date in a red error message and will redirect the CLEC to enter this new date. The CLEC must enter this new date in the re-calculate field and resubmit the LSR. Likewise, Telecommunications Access Gateway (TAG) users will receive an informational message on all supplemental LSRs to modify the due date or make other changes to the existing LSR stating: "Estimated due date mm-dd-yyyy (calculated due date) will be returned on the Firm Order Confirmation (FOC)." BellSouth is continuing to analyze and develop solutions to the estimated due date messages and returns.

Please see the attached table for details on Release 9.4.

Please contact your BellSouth account team representative with any questions.

Sincerely,

ORIGINAL SIGNED BY MATEO CAYMOL FOR JIM BRINKLEY

Jim Brinkley – Senior Director
BellSouth Interconnection Services

Attachment

Attachment
SN91082475

ENCORE Release 9.4		
IMPLEMENTATION DATE	July 28, 2001	
SYSTEM DOWNTIMES	July 27, 2001 7:00 PM EDT through July 28, 2001 12:00 Noon EDT	
ASSOCIATED DOCUMENTATION	There is no associated documentation with this release.	
RELEASE SCOPE	CCP CR#	FEATURE
	0002	Pre-Order/Order Business Rule Discrepancies
	0322	Enhancements for Mechanized Line Sharing
	0092	Modify DFDT/CHC for Designed Loops
	0385	Spares not returned when POTS is used in Loops Service Change
	0445	Due Date calculations for Non-complex Port/Loop, a/k/a Unbundled Network Elements-Platform (UNE-P) orders

BEFORE THE
GEORGIA PUBLIC SERVICE COMMISSION
ATLANTA, GEORGIA

DOCKET NO. 6863-U

In the Matter of:	)	
	)	**AFFIDAVIT OF JAMES C. FALVEY ON BEHALF OF THE SOUTHEASTERN COMPETITIVE CARRIERS ASSOCIATION**
BellSouth Telecommunications, Inc. Entry Into InterLATA Services Pursuant to Section 271 of the Telecommunications Act of 1996	)	

James C. Falvey, being first duly sworn, deposes and says:

Access to Unbundled Network Elements (Checklist Item 2)

1. I am employed at e.spire Communications, Inc. ("e.spire"). My job title is Senior Vice President – Regulatory Affairs. My business address is 131 National Business Parkway, Suite 100, Annapolis Junction, Maryland 20701.

2. e.spire is a member of the Southeastern Competitive Carriers Association.

3. The purpose of my affidavit is to describe the ways in which BellSouth Corporation ("BellSouth") is not meeting its obligations to provide nondiscriminatory access to operations support systems ("OSS") in accordance with the requirements of section 251(c)(3) of the Telecommunications Act of 1996.

4. After e.spire secures a new customer and before the customer's services are converted to e.spire, BellSouth has contacted on at least several occasions the e.spire customer and convinced them to remain with BellSouth or switch to BellSouth. It appears that information "leaking" from the BellSouth OSS is the source of BellSouth's ability to target these customers.

5. e.spire has observed a pattern of this conduct by BellSouth. The only way I know that BellSouth can obtain information about new and existing e.spire customers is by

accessing preordering and ordering information submitted through BellSouth's OSS systems or obtaining this information from persons who are privy to OSS information submitted by e.spire.

6. In March 2001, e.spire executed a contract with three business customers in Georgia who agreed to obtain telecommunications services from e.spire. The same BellSouth Business Equipment vendor was responsible for all three e.spire accounts. The e.spire Account Executive who sold the accounts reported to me that, in her presence, during a customer survey at one of the customer's business premises to verify the customer's existing services, the BellSouth vendor contacted a competing BellSouth retail service Account Executive ("BellSouth Salesperson"), identified at least two of the three customers, and informed the BellSouth Salesperson that the customers were leaving BellSouth. The e.spire Account Executive also reported to me that the BellSouth Salesperson visited one of the customers identified by the BellSouth vendor and, within a couple of days after the BellSouth visit, the customer terminated its contract with e.spire to remain with BellSouth.

7. In another incident reported to me by an e.spire Branch Sales Manager, e.spire executed a contract with a customer in Georgia for telecommunications services in March 2001. Before the customer was converted to e.spire, BellSouth contacted the customer to market its telecommunications services. On June 4, 2001, the day that the customer was scheduled for conversion to e.spire, the customer refused installation and terminated its contract with e.spire.

8. An e.spire Salesperson reported to me that, in mid-April 2001, a BellSouth Salesperson contacted the e.spire Salesperson on her cell phone and began speaking to her as if she were a customer that e.spire had just signed on to e.spire service. The BellSouth Salesperson began to sell BellSouth services before he realized that he actually had an e.spire Salesperson on the phone. The BellSouth Salesperson informed the e.spire Salesperson that he was aware that

the customer had left BellSouth and offered a 20% discount if the customer returned to BellSouth. In response to the e.spire Salesperson's question regarding the intended recipient of the marketing call, the BellSouth Salesperson stated that he was trying to reach a business customer. This business customer identified by BellSouth was, as mentioned, an e.spire customer who had just signed on to e.spire service.

9. It is clear from these incidents, and similar incidents in at least one other BellSouth state, that BellSouth's internal controls to manage the flow of information emanating from its OSS are entirely inadequate and that, absent further controls or separations, BellSouth does not meet the requirements of Checklist Item 2.

I hereby swear that the foregoing is true and correct to the best of my information and belief.

James C. Falvey

James C. Falvey

Subscribed and sworn to before me
this 13th day of July, 2001.

Kathleen Robinson

Notary Public

My commission expires: 11-1-04

KATHLEEN ROBINSON
NOTARY PUBLIC STATE OF MARYLAND
County of Anne Arundel
My Commission Expires November 1, 2004

Roland Malke

06/14/2001 03:01 PM

To: Nanette Edwards/DeltaCom@DeltaCom, Jerry Watts/DeltaCom@DeltaCom
cc:
Subject: FW: BellSouth Quote

Per your request.....

---------- Forwarded by Roland Malke/DeltaCom on 06/14/2001 02:55 PM ----------

"Burks, John" <BURKSJ@Astralloy.com> on 06/14/2001 02:56:01 PM

To: <rmalke@itcdeltacom.com>
cc:
Subject: FW: BellSouth Quote

---Original Message---
From: Redman, Donald [mailto:Donald.Redman@bellsouth.com]
Sent: Wednesday, June 06, 2001 10:00 AM
To: Burks, John
Subject: RE: Quote

Do you need quotes for your PVC? I can quote the Birmingham peice if you will give the circuit ID.

I will also emphasize the importance of getting your numbers back. If you do not get them back before eSpire cuts service, **NO ONE WILL BE ABLE TO CALL YOU !!**

If you do not get new service (circuits) in before they cut, **you will not be able to call IN or OUT !!**

It is for these reasons that I would like to go ahead and get that process started. It is a very lengthy and arduous process, and there a few more things to keep in mind.

What you need to know:

Changing local carriers can be a very painful process.

BellSouth must provision your circuits, regardless of your carrier.

You can choose a *month to month* option on your services with BellSouth.

What I can offer:

I can bring your numbers back faster than anyone else.

I can install new complex service faster than anyone else.

I am the only WinBack Specialist in the state of Alabama.

I know the shortcuts that nobody else knows.

With all this in mind, please ask yourself, how long can you afford to be without dialtone?

Please call with any questions,

Don Redman
Bellsouth Business
(205) 969-4391
donald.redman@bellsouth.com

---Original Message-----
From: Burks, John [mailto:BURKSJ@Astralloy.com]
Sent: Wednesday, June 06, 2001 6:20 AM
To: Redman, Donald
Subject: RE: Quote

My contact at eSpire says that they are not closing. I have heard from several other vendors that said they have customers who have received letters stating that service was going to be stopped at the end of the month. I must proceed with getting quotations just in case. Vendors giving me quotes are, BellSouth, ITC Deltacom, AT&T and MCI. When all quotes are received, I will present the results to the Management Team and a decision will be made. The decision will be made no later that next Monday.

John

-----Original Message-----
From: Redman, Donald [mailto:Donald.Redman@bellsouth.com]
Sent: Tuesday, June 05, 2001 4:10 PM
To: Burks, John
Subject: Quote

Have you contacted eSpire yet?

PRI Pricing

$907 for Voice/Data for a 3-year term and $930 for a 2-year term

andwaiver of installation charge until 6-30-01

Analog Voice Pricing

8- flat rate business lines $359.68 monthly

or

Centrex 4-NAR 8-Stations $328.08 monthly (60-month)

Internet Pricing

384KDedicated Internet Access via Frame Relay and BellSouth.Net

$907 for *3-year term*

or

$1014 for *2-year term*

PVC Pricing

I need more info on your PVC's to give you a quote on that part, and I will give you the Qwest Long Distance quote also.

Don Redman
Bellsouth Business
(205) 969-4391
donald.redman@bellsouth.com

-----Original Message-----
From: Burks, John [mailto:BURKSJ@Astralloy.com]
Sent: Monday, June 04, 2001 3:35 PM
To: Don Redman (E-mail)
Subject: eSpire

Importance: High

I am still attempting to get confirmation from eSpire concerning thediscontinuance of service. We are starting the third year of a three year contract. I must get confirmation from them in order to get out of our contract. Do you have anything in writing that I may document my change over of service?

Thanks

John Burks

Astralloy Wear Technology

Phone 853-0300

Cell 790-6459

Forwarded by Lyn Leebern/DeltaCom on 03/13/2001 09:02 PM ----------

Please respond to <ebishop.ie67@gtalumni.org>

To: "Lyn Leebern" <lleebern@itcdeltacom.com>
cc:

Subject: FW: USLG's WAN

Lyn - See if you can get me some pertinent answers to the questions raised
by Bill Kraemer who is USLG's account executive at BellSouth.

-----Original Message-----
From: Kraemer, Bill [mailto:Bill.Kraemer@BellSouth.com]
Sent: Tuesday, March 13, 2001 3:24 PM
To: 'ebishop.ie67@gtalumni.org'
Subject: RE: USLG's WAN

Top-

Some things to consider:

How financially stable or secure is ITCD? What is their stock done lately?

Were you aware that ITCD has lost money for five straight year, with losses
growing each year? Do you think ITCD will merge to remain financially competitive on a regional basis? What would that do to your service, your
billing?

Does ITCD provide electronic or manual interfaces with BellSouth for passing
orders to BellSouth? What is ITCD's normal response time from BellSouth in
responding to a local loop problem?

Are you going to have an account manager, following the sale, dedicated to
ensuring the quality of service so heavily promised? Though you do not feel
I am responsive to you, I am indeed available.

These are important questions to ask. This is a very competitive industry
and companies will promise service and value that are not always provided.

-----Original Message-----
From: Top Bishop [mailto:topbishop@graceba.net]
Sent: Tuesday, March 13, 2001 4:05 PM
To: Kraemer, Bill
Subject: RE: USLG's WAN

Thank you for your thoughts.

Regarding your proposal, presently I am in the process of reviewing a quotation from ITC DeltaCom for all of our locations' local, LD, and Internet, and eliminating Frame Relay.

Obviously BellSouth would continue to provide the local copper and T-1 loops. Since the local loops are for us historically the least reliable link in the chain, and Bellsouth would continue providing them, I don't see that a big change should be anticipated in expected uptime.

Perhaps you can cite other reasons our reliability should be different using ITC DeltaCom?

If not, I believe that if all of the details can be agreed upon, they will be worth a try. I'll let you know if we reach an impasse.

Thanks.

AFFIDAVIT

STATE OF GEORGIA)
COUNTY OF Dougherty

I, Mr. (~~Ms.~~) NEIL C THOMPSON, being first duly ..... affirm that the following set forth below is true:

On 3-13-2001 [date], I had a conversation with KAY SLATER who is employed by BellSouth Telecommunications, Inc. The BellSouth employee stated that if I were a BellSouth customer, BellSouth would complete the necessary work for free, but because I am a customer of ITC^DeltaCom that I would have to pay for the work necessary to provide telephone service to my place of business or do the work myself.

Signature of Affiant

Sworn to and Subscribed before me
This the 22 day of March ____, 2001.

Notary Public

My Commission Expires: My Commission Expires April 1, 2003.

CERTIFICATE OF SERVICE

I, Alice R. Burruss, hereby certify that on this 4th day of March, 2002, I served copies of Opposition Comments of the Competitive Telecommunications Association by hand delivery on the following:

William F. Caton, Acting Secretary
Federal Communications Commission
Room CY-B402
445 12th Street, S.W.
Washington, DC 20554

Janice Myles
Common Carrier Bureau
Federal Communications Commission
Room 5-B145
445 12th Street, S.W.
Washington, DC 20554

Qualex International
Portals II
Federal Communications Commission
Room CY-B402
445 12th Street, S.W.
Washington, DC 20554

Alice Burruss

Alice R. Burruss